WEEKLY ECONOMIC REVIEW

DECEMBER 17, 2004

The U.S. current account deficit rose slightly in the third quarter of 2004, to $165 billion (including a $167 billion trade deficit on goods).[1] Through the first nine months of the year, the U.S. current account deficit was $476 billion, up 18% from the same period in 2003. In addition, the U.S. merchandise trade deficit jumped 8.9% in October (to $55.5 billion), providing no indications of improvement in the U.S. current account situation at the start of the fourth quarter.

Canadian trade data for October were disappointing, with the merchandise trade surplus falling by 13.7%, to $4.4 billion. Exports declined for the fourth month in a row (-1.1%), providing further evidence of fallout from a higher Canadian dollar.

In October, Canadian manufacturing activity declined for the second consecutive month. Alberta bucked the national trend, recording a 0.8% increase in manufacturing shipments. Year-to-date, Alberta's manufacturing shipments are up by an impressive 13.0%.

Cdn Dollar (C¢/US$)

Dec 17, 2004	81.6¢
Dec 10, 2004	81.5¢
2004-05 YTD	77.1¢

WTI Oil US$/bbl

Dec 16, 2004	$44.18
Dec 9, 2004	$42.53
2004-05 YTD	$43.38

Nymex Natural Gas C$/mcf*

January Contract

Dec 17, 2004	$9.16
Dec 10, 2004	$8.51

*Estimate based on Nymex Futures Market Price

Canada's CPI inflation rate edged up to 2.4% in October, due primarily to higher energy prices. Alberta's inflation rate also increased, but remained the lowest among provinces at 1.9%.

Energy prices remained volatile this week amid mixed inventory reports, but were generally higher, due to a U.S. cold snap.

[1]The current account figure is the combined balances on trade in goods, services, income, and net current transfers.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[2]
Consumer Price Index	November			
Alberta	132.5	0.7	1.9	1.4
Canada	125.7	0.4	2.4	1.8
Canadian International Merchandise Trade ($ millions)	October			
Exports	35,625	-1.1%	10.1%	6.8%
Imports	31,274	0.9%	13.7%	5.4%
Trade Balance	4,351	-13.7%	-10.3%	15.0%
Manufacturing Shipments ($millions)	October			
Alberta	4,468	0.8%	17.3%	13.0%
Canada	49,768	-1.3%	9.7%	7.6%
New Motor Vehicle Sales (# of vehicles)	October			
Alberta	17,364	7.9%	7.6%	-2.1%
Canada	136,243	7.7%	1.5%	-5.1%

Source: Statistics Canada

[2]Year-to-date 2004 compared to the same time period in 2003. For example: January-October 2004 versus January-October 2003